

FOR IMMEDIATE RELEASE: August 1, 2019

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What Your Homeowners or Renters Insurance May Not Cover

Avoid surprises by understanding your insurance policy

CONCORD, NH -- An insurance policy for your home or apartment is supposed to provide a sense of security. To ensure that it provides the level of coverage you need, you should take time to speak to your agent or insurer to understand what is and is not covered by your policy. Don't make any assumptions. The New Hampshire Insurance Department offers the following tips for consumers.

Understanding your policy

A homeowners or rental insurance policy contains three parts:

- A declarations page that explains the types of coverage provided and deductibles
- A base policy that includes insuring agreements, exclusions, and conditions
- Endorsements that alter the base policy provisions

Renters insurance is different from homeowners insurance in that renters policies only insure personal belongings, not the structure. Policies vary from company to company, so be sure you discuss your policy with your insurance agent and fully understand your policy before you purchase the coverage.

A homeowners or renters policy generally provides that the insurer will settle claims for either actual cash value or for replacement costs of your property. After a loss, you will always have to pay your deductible as outlined in your policy. Insurance companies will allow you to adjust your deductible with a corresponding premium increase or decrease.

Are you prepared?

More than half of Americans said they do not have a list of their possessions according to a National Association of Insurance Commissioners (NAIC) survey. Without an accurate inventory, you may not be able to claim the full value that your policy could provide. Because needs change, you should [create an inventory](#) of your possessions every year. Without this checklist, you may forget to claim items --and their value-- lost during fire or another covered event.

The NAIC offers the [myHOME Scr.APP.book app](#) to help you capture images, descriptions, bar codes and serial numbers of personal possessions and stores the information electronically for safekeeping. The app organizes information by room and creates a back-up inventory for email sharing. Be sure to share the inventory with your agent or insurer. Periodically update the list as you acquire new things.

I'm covered if someone breaks in and steals my belongings, right?

Most homeowners and renters insurance policies cover items that have been stolen up to your policy limits. Be aware that certain categories like jewelry, antiques, art and other items often have individual limits unless you purchase additional coverage. If valuable items exceeding those limits are stolen and you don't have coverage for them, you may receive payment less than the value.

What if there's a fire?

While fire and lightning are usually covered, don't be surprised if your insurance company asks for an inventory. The company is only required to pay for personal property you can prove you owned at the time of loss. The NAIC home inventory app is an easy way to make sure you're prepared.

Replacement cost coverage will pay the dollar amount that it would take to replace or repair damages with materials of similar kind and quality without deducting for depreciation. *Actual cash value coverage* will pay the dollar amount that it would take to replace or repair damage with depreciation. Most policies provide replacement cost coverage only after the insured replaces the damaged items. Otherwise, the policy pays for damages on an actual cash value basis.

Does insurance cover explosions?

Homeowners and rental policies will cover damage caused by explosions due to causes such as a gas leak. Likewise, if your neighbor is experimenting with unauthorized chemicals, damage to your home will be covered. However, if you are doing such an act, damage to your home will not be covered.

My place flooded, now what?

While homeowners and renters insurance provide water damage for such things as a burst pipe, they generally do **NOT** offer protection against flood losses. You should check your policy's exclusions. It will probably be listed under "water damage."

Flood insurance is available under a separate policy through the [National Flood Insurance Program \(NFIP\)](#).

What else is not typically covered?

Other perils that are not usually covered include: war, terrorism, nuclear accident, landslide, mudslide, earthquake, sinkhole and any others listed in your policy. Read your policy or speak with your agent or insurer for a complete list of perils excluded and to purchase additional coverage you may need such as flood, sewer backup or other coverage additions.

About the New Hampshire Insurance Department

The New Hampshire Insurance Department can help you with questions or concerns about your existing coverage. To speak to a member of the Consumer Services Department, call (800) 852-3416, (603) 271- 2261 or email consumerservices@ins.nh.gov.

The New Hampshire Insurance Department's mission is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. For more information, visit www.nh.gov/insurance.